



# COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

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November 9, 2001

## PRICING MEMORANDUM NUMBER 6 (PR-6)

### SUBJECT: Fair Market Price Determination for Services (Alternative Method)

#### 1. PURPOSE

This memorandum prescribes the procedures the Committee for Purchase From People Who Are Blind or Severely Disabled, an independent agency of the federal government, has established for use as an alternative method for calculating Fair Market Prices for services. This memorandum is effective until June 30, 2002 as an alternative to Pricing Memorandum Number 3 (MAY 01), see paragraph 2.A. for further details. This memorandum is for the use of the Committee staff, Contracting Agencies, Nonprofit Agencies and NIB or NISH (which are designated as Central Nonprofit Agencies – CNAs). This memorandum applies to calculating prices for services that are proposed for addition to or have been placed on the Committee's Procurement List in accordance with the terms of the Javits-Wagner-O'Day Act (JWOD) (41 USC 46-48c). This memorandum applies to Contracting Activities in any entity of the legislative branch or judicial branch, any executive agency or military department, the United States Postal Service and any nonappropriated fund instrumentality under the jurisdiction of the armed forces.

#### 2. GENERAL

**A. Background** - Pricing Memorandum Number 3 (PR-3) prescribes procedures for determining the Fair Market Price for Javits-Wagner-O'Day (JWOD) service contracts. PR-3 states "The older version of PR-3 is renumbered Pricing Memorandum Number 6 (PR-6)."

1. Parties negotiating Fair Market Price recommendations may continue to use PR-6 during the phase-in period, which ends June 30, 2002.
2. Prices established by the Committee under the previous version of PR-3 will remain in effect and will be priced using this memorandum until such time as the Committee established a new Base Price, which would normally be at the expiration of the current contract.



3. This memorandum will remain effective until December 31, 2007. At that time all base prices for JWOD service contracts will have been established under PR-3.

**B. Follow-On Years** - The term "follow-on years" rather than "option years" is used in this memorandum to avoid possible misunderstandings. There are no "option years" in JWOD contracts; the Contracting Activity is required to continue procuring the service from the Nonprofit Agency designated by the Committee unless and until the Committee directs otherwise.

**C. Five-Year Approach to Service Pricing** - The Committee's approach to setting Fair Market Prices (FMPs) for services involves establishing a new Base Price every five years. This price, which is referred to as a five-year price, includes a Base Price and four Follow-On Year Prices. It also includes other cost elements if requested by the Contracting Activity or required for performance of the service, such as additional custodial labor hour prices (as addressed in Form FMP-14, Cost Computation - Additional Labor Hours, Enclosure 16).

To the maximum extent possible, Follow-On Year Prices are developed by applying a standard Economic Adjustment Rate to various categories of costs (see Section 6.d. below). This approach minimizes the pricing workload for the Contracting Activity, Nonprofit Agency, and NIB or NISH. The Follow-On Year Prices initially established by the Committee incorporate price changes associated with this rate.

For each annual Service Period after the first Service Period, any revisions to the Follow-On Year Price are agreed to by the Contracting Activity, the Nonprofit Agency, and NIB or NISH. As described herein, Follow-On Year Prices reflect changes in the Statement of Work (SOW) or Performance Work Statement (PWS), Wage Determination (WD), and other elements. Other elements include changes in fringe benefits, supervisors' wages, other burden and CNA fees. The Committee's policy is that Nonprofit Agencies are entitled to prices that cover the justifiable costs they incur as a result of such changes.

The Committee may determine that certain services (i.e., price list services such as D.C. Area Mailing Services or other services with necessarily unique pricing structures) on the Procurement List are not subject to the provisions of the five-year change procedure. In those instances, the Committee may permit adjustment of prices using a procedure which adjusts the last Base Price by a combined factor which represents the changes in direct labor hours and wages (Forms FMP-10, Factored Price Change - Services and FMP-11, Price List - Factored Price Change) or other procedures.

**D. Responsibilities for Establishing FMPs** - The Committee established initial FMPs through a formal voting procedure. FMP revisions are handled by Committee staff or, in the case of Follow-On Year Prices, Contracting Activities, the Nonprofit Agency involved, and NIB or NISH in accordance with the procedures established by the

Committee.

**E. CNA Fee** - The fee which the Nonprofit Agency is required to return to NIB or NISH is an integral part of all FMPs. The amount of the FMP paid as a fee to NIB or NISH is a percentage of the total amount paid by the Government for the service. The Committee sets limits on the percentage annually.

**F. Statement of Work/Performance Work Statement (SOW/PWS)** - The SOW/PWS for a particular service provides the basis for establishing the FMP. As indicated in Enclosures 1, 2, and 3, Contracting Activities are responsible for providing a complete, current SOW/PWS to the Nonprofit Agency involved and NIB or NISH significantly in advance of the anticipated or actual date of the pricing action.

- (1) For services being proposed for addition to the Procurement List, the SOW/PWS due date is at least 120 days prior to the anticipated date of addition.
- (2) For services for which a new Base Price is needed, the SOW/PWS due date is at least 90 days prior to the start of the new five-year Service Period.
- (2) For Follow-On Year Prices for services, a formal revised SOW/PWS is only needed if more than 10 modifications affecting performance requirements have been issued since the start of the five-year Service Period (or since the most recent issuance of a complete SOW/PWS). In such cases, the revised SOW/PWS due date is at least 90 days prior to the start of the next one-year Service Period for use in conjunction with that period.

A new commercial-type solicitation package is not needed for Procurement List additions or annual price changes since much of the information that such a package would contain is not relevant to the Committee's pricing (or addition) process; however, a complete SOW/PWS for the service is required for both initial addition and re-pricing actions. During the last 90 days of the Service Period, while the re-pricing action is underway, changes to the SOW/PWS should be limited to emergencies only, so that a stable work requirement exists for price change discussions. Routine SOW/PWS changes should be resumed upon completion of the re-pricing action and issuance of the modification incorporating the new price.

**G. Wage Determinations (WDs)** - A current WD is also necessary to establish the FMP for a service. As is the case with SOW/PWS, the Contracting Activity is required to provide a copy for the Department of Labor (DOL) WD applicable to the Nonprofit Agency's upcoming Service Period to the Nonprofit Agency and NIB or NISH significantly in advance of the anticipated or actual date of the pricing action. DOL has

agreed to provide WDs for JWOD items to Contracting Activities earlier than required by Federal Acquisition Regulations in accordance with the following time lines.

- (1) For services being proposed for addition to the Procurement List, the WD due date is at least 120 days prior to the expected date of addition to the Procurement List.
- (2) For services for which a new Base Price is needed, the WD due date is at least 90 days prior to the start of the new five-year Service Period.
- (3) For Follow-On Year Prices for services, the WD due date is at least 90 days prior to the start of the next annual Service Period.

The use of existing "blanket" WDs is permitted for JWOD services, provided the proper job classification/titles are on the blanket WD. If the proper classifications are not contained on the blanket WD, the Contracting Activity must obtain DOL approval of a conformed wage category in accordance with DOL regulations at 29 CFR 4.6 or a new SF-98 must be initiated in accordance with DOL regulations.

**H. Contracting Activity Concurrence** - Prior to submitting a five-year Base Price proposal to the Committee, the Nonprofit Agency, working with NIB or NISH, is required to obtain the concurrence of the Contracting Activity to the direct labor hours estimated to be required for the first year of performance and in the wages to be paid to supervisory personnel. Disagreements between the Contracting Activity and the Nonprofit Agency shall be resolved using the Committee's Impasse Resolution Procedures Memorandum.

As indicated in Section 2.c., the Committee does not normally play a role in revisions to Follow-On Year Prices. However, in the event that the Contracting Activity, Nonprofit Agency, and NIB or NISH, cannot agree on such prices, the approach described above for resolving disagreements on Base Prices shall apply.

**I. Nonprofit Agency Acceptance of Fair Market Price** - On initial FMPs and subsequent Base Prices, either an Officer of the Board or the Executive Director/President/Chief Executive Officer must signify acceptance of the FMP. Acceptance must include an acknowledgment in writing that the Nonprofit Agency has participated fully in developing the proposed FMP for the service. Further, the Nonprofit Agency must confirm that it is willing to perform the tasks required by the SOW/PWS at the proposed FMP and with the direct labor and supervisory hours shown. This written statement must be furnished to NIB or NISH prior to their forwarding actions to the Committee. Committee forms provide space for NIB or NISH to indicate that the Nonprofit Agency has accepted the FMP.

**J. Unit Pricing** - The Committee permits Nonprofit Agencies, NIB or NISH and Contracting Activities to use unit prices, e.g., price per meal, square foot, acre, etc., in developing initial and follow-on FMPs. However, when prices are being modified to

reflect changes in performance requirements, such unit prices may only be employed if the Nonprofit Agency agrees that they are consistent with the actual costs of those changes.

### **3. INITIAL FAIR MARKET PRICES BASED ON BIDS**

This section has been deleted from this memorandum because of the difficulties involved in developing a reasonable fair market price. The section title has been retained so that section numbering remains consistent with the November 1995 version of PR-3. As a result there are also three forms that are no longer in use:

“Factored Price Change - Services,” FMP-10

“Price List - Factored Price Change,” FMP-11

“Bid Worksheet - Base Price Determination,” FMP-12

### **4. INITIAL FAIR MARKET PRICE RECOMMENDATIONS BASED ON COSTS**

**A. Basic Information** - If a service proposed for addition to the Procurement List has not been recently procured competitively, a five-year FMP consisting of a Base Price and four Follow-On Year Prices is established on the basis of the Nonprofit Agency's estimated costs. FMPs are also established based on the Nonprofit Agency's estimated costs when the most recent commercial procurement was under the Small Business Administration's 8(a) Program or negotiated under the “unusual and compelling urgency” (Public Exigency) exceptions of Government Procurement regulations (10 U.S.C. 2304 (c)(2) or 41 U.S.C. 253 (c)(2)). If the Contracting Activity and NIB or NISH agree that the data from the most recent procurement does not fairly reflect the market, they may request that the Committee permit the use of these procedures as well.

**B. SOW/PWS and WD** - The complete, current SOW/PWS and a Department of Labor WD are used by the Nonprofit Agency and NIB or NISH to calculate the Nonprofit Agency costs. These costs, which reflect the number and types of labor hours, supplies and equipment needed to perform the SOW/PWS, form the basis for an initial FMP/Base Price proposal.

If a complete, current SOW/PWS is not available when the proposed addition is ready for consideration by the Committee, the Nonprofit Agency costs to perform the tasks specified in the most recent SOW/PWS are used to develop a proposed Interim Price. If a new WD is available, it is used to develop this Interim Price. If it is not available, the most recent WD is used.

In those rare instances when neither a complete, current SOW/PWS nor a previous SOW/PWS are available and there is a compelling reason why the Committee should proceed immediately, the Nonprofit Agency and NIB or NISH work with the Contracting Activity to develop an interim description of the tasks associated with the service. This

description is then used to develop a cost-based Interim Price. This situation would apply if government employees are now providing the service and there has never been a SOW/PWS; or if the service is being provided by a commercial contractor, but the last applicable SOW/PWS is so dated as to be unusable. In either case, a Base Price is established using Nonprofit Agency costs to provide the service as soon as a complete, current SOW/PWS is available.

In cases where a new WD is not available when the proposed addition is ready for consideration by the Committee and a complete, current SOW/PWS is, that SOW/PWS and the most recent WD will be used to calculate Nonprofit Agency costs and determine a proposed Interim Price. If the service is added to the Procurement List, the resulting Interim Price will indicate that retroactive changes will be made to that Interim Price to establish a Base Price upon receipt of the new WD.

**C. Other Cost Elements** - Another category of cost elements (other burden and the CNA fee) is mathematically calculated as a percentage of total cost once all other costs have been incorporated.

**D. Committee Forms** - The Committee requires the following forms for developing a proposed price based on the Nonprofit Agency's estimated costs:

#### USE OF COMMITTEE FORMS FOR VARIOUS PRICING ACTIONS

	<u>Initial FMP-Costs</u>	<u>Base Price Changes</u>	<u>Follow-On Year Prices</u>
FMP-7, Request for FMP Determination for Services	X	X	X
FMP-8, Price List - Services	X	X	X
FMP-9, Cost Breakdown - Services, with Attachments	X	X	X
FMP-13, Cost Breakdown-Follow-on Years	X	X	X
FMP-14, Additional Labor Hours	X	X	X

**E. OMB Circular A-76 Price Comparisons** - Prices for services being procured under the provisions of OMB Circular A-76 shall be determined in the same manner as prices based on costs. When formal cost comparison procedures are required by the Contracting Activity, the Committee's processing schedules (Enclosures 1, 2, and 3) may need to be altered slightly to accommodate the completion and sealing of the Government's price (in-house cost estimate) as part of its study to determine the most efficient organization. That action must be completed prior to the transmittal of the Committee's proposed Initial FMP for the service to the Contracting Activity for consideration in conjunction with its study.

## **5. CHANGES IN BASE PRICES**

**A. Basic Information** - Base Prices for services are established by the Committee or its staff at the time of addition to the Procurement List and every five years thereafter. As indicated above, all entities participating in the pricing process are required to comply with the processing schedules prescribed in Enclosures 1, 2, and 3 to the Memorandum.

**B. Calculation of New Base Prices** - Each new Base Price proposed to the Committee reflects SOW/PWS and WD revisions, as well as changes in the Nonprofit Agency's costs since the last Base Price approved by the Committee. As indicated in Sections 2.h. and 2.i. above, when submitting proposed new Base Prices to the Committee, NIB or NISH must provide evidence of concurrence by the Contracting Activity and the Nonprofit Agency involved (by an officer of the Board or Executive Director/President/Chief Executive Officer). Any nonconcurrence by a Contracting Activity shall be provided to NIB or NISH in writing and forwarded to the Committee. Each new Base Price includes four Follow-On Year Prices. These initial Follow-On Year Prices are calculated as described in Section 6.

**C. Direct Labor Wages** - Direct labor wages are adjusted based on changes to the WD or by prevailing area wage survey if no WD applies. Indirect labor wage rates are adjusted at the same percentage as the change in the direct labor wage rate. Direct and indirect labor fringe benefit expense. For example, the health and welfare benefit required by the WD is adjusted to reflect changes in the health and welfare rate on the WD and the number of labor hours worked to provide the service. Form FMP-9D is used to adjust the various categories of fringe benefit expenses.

**D. Interim Price** - If a WD has been issued which applies to the new five-year Service Period and the prices for all follow-on years have expired before the Committee has approved a price for the new Service Period, the Contracting Activity and Nonprofit Agency may negotiate an Interim Price for the service until a new Base Price has been approved by the Committee.

**E. Committee Forms** - The Committee Forms used to submit information related to

new Base Prices are listed in the chart in Section 4.d. above.

## **6. ESTABLISHMENT OF FOLLOW-ON YEAR PRICES**

**A. Basic Information** - Follow-On Year Prices for services are established for each of the four annual Service Periods following the initial Service Period. These prices are initially established at the time a Base Price is determined and, as appropriate, are revised annually through the procedures discussed below. As described, the organizations involved in any Follow-On Year Price revisions resulting from the application of these procedures are the Contracting Activity, the Nonprofit Agency and NIB or NISH.

**B. SOW/PWS and WD Changes** - In addition to revisions associated with economic conditions (discussed in Section 6.D. below), Follow-On Year Prices reflect changes in the SOW/PWS and the WD. Price revisions caused by changes in the SOW/PWS are made at the time of the changes, which may be at any point during an annual Service Period. (Changes to the SOW/PWS during the last 90 days of a Service Period should be limited to emergency conditions only.) Related changes to other aspects of the FMP (e.g., the CNA fee, other burden costs and other indirect costs) are made at the same time. The effect of SOW/PWS changes on the remaining Follow-On Year Prices are incorporated at the same time as the change to the then-current year is resolved.

Price revisions caused by changes in the WD are incorporated at the beginning of the next Service Period following the issuance of the WD. In the event a WED is issued prior to the beginning of a new Service Period, but received from DOL after it begins, the WD change and resulting changes in other cost elements will be made retroactive to the beginning of the Service Period. These types of changes are handled by the Nonprofit Agency, NIB or NISH, and the Contracting Agency with any areas of disagreement handled as described in 2.H. above.

**C. Direct Labor Wages** - Direct labor wages are adjusted based on changes to the WD or the prevailing area wage survey if no WD applies. Indirect labor wage rates are adjusted at the same percentage as the change in the direct labor wage rates. Direct and indirect labor fringe benefits are adjusted each year on Committee Form FMP-9D. A new form is completed each year.

**D. Application of Economic Adjustment Rate** - Certain elements of Nonprofit Agency costs (expendable supplies, minor equipment, vehicle operations, rental and subcontracting) are revised in Follow-On Year Prices through the application of an Economic Adjustment Rate, which is intended to establish the future value of those elements. If future economic conditions approximate the change associated with that rate, no price modifications are required for those elements.

The Economic Adjustment Rate used by the Committee varies depending upon economic



conditions. It is issued on March 1 of each year in a Committee "Notice of Establishment of Economic Adjustment Rate" provided to NIB and NISH. It is reviewed at least annually to determine if any adjustment is appropriate. If economic conditions warrant, a new notice may be issued. Historically, the annual movement of JWOD prices for the cost elements involved has been 5 percent. Consequently, the Economic Adjustment Rate used during the pilot test of the five-year approach to service pricing was 5 percent.

When an initial FMP or new Base Price is established, Follow-On Year Prices for the above cited cost elements are determined by applying the Economic Adjustment Rate in effect 120 days prior to the first day of the upcoming Service Period to the initial (and subsequent) prices for those elements. (For example, with an Economic Adjustment Rate of 5 percent, if the initial price for the elements is \$100, the price for the second year of the service would be \$105, the price for the third year \$110.25, the fourth year \$115.76, and the fifth year \$121.55.) Those Follow-On Year Prices for the group of cost elements are then reexamined prior to the beginning of the one-year Service Period they cover to determine if they are still valid.

The continued validity of the Economic Adjustment Rate is tested by comparing it to the movement over 12 months of the Producer Price Index (PPI) for "Industrial Commodities Less Fuels and Power," which is published in the Bureau of Labor Statistics PPI Table 8. (The movement of this PPI Code is also considered in reviews of the Economic Adjustment Rate itself.) If the 12-month movement of this PPI Code is within the established range for the Economic Adjustment Rate being used for that service, the previously established price for the group of cost elements is retained. The established ranges for various Economic Adjustment Rates are within 40 percent above or below that Rate; e.g.,

	<u>RATE</u>	<u>RANGE</u>
1.	6 percent	3.6% to 8.4%
2.	5 percent	3.0% to 7.0%
3.	4 percent	2.4% to 5.6%
4.	3 percent	1.8% to 4.2%
5.	2 percent	1.2% to 2.8%

If the PPI Code movement is less than the lower percentage in the range or greater than the higher percentage, the Nonprofit Agency and the Contracting Activity may agree to retain the price established initially for the elements. They may also agree to modify the price for the elements using the Rate specified in the most recent Committee Notice of Establishment of Economic Adjustment Rate. Alternatively, either party may request that the prices for the affected cost elements be re-established based on Committee cost breakdown procedures as described in the Instructions to the Form FMP-9 series Enclosures 6 through 11).

If the Follow-On Year Price established for the affected cost elements does not differ from that established initially, no changes are made in subsequent Follow-On Year

Prices.

If however, the Follow-On Year Price for the cost elements differs from that established initially, the new price serves as the Base Price for that group for any remaining years in the five-year Service Period. Subsequent Follow-On Year Prices for those elements are established at that time by applying to the new Base Price the Rate specified in the most recent Committee Notice of Establishment of Economic Adjustment Rate. Those Follow-On Year Prices for the affected cost elements are then re-examined annually as indicated above.

The Committee issues a notice providing the updated 12-month movement of PPI Code for "Industrial Commodities Less Fuels and Power" on or about the 15<sup>th</sup> of each month. The notice indicates the 12 months of data covered; the percent change in the PPI Code over that time; and the applicable follow-on service period start date, which will normally be 120 days later (e.g., a notice generated on March 15, 2002, would apply to a service period start date of July 1, 2002). The notice is transmitted to NIB and NISH for provision to affected Contracting Activities in accordance with the processing schedule prescribed in Enclosure 3 to this Memorandum.

**E. Other Cost Elements** - Another category of cost elements, (other burden and the CNA fee) is mathematically calculated as a percentage of the total cost once all other costs have been incorporated.

**F. Committee Forms** - The Committee forms used to submit information related to Follow-On Year Prices are listed in the chart in Section 4.D. above.

## **7. SERVICES PROCURED COMPETITIVELY AFTER ADDITION TO PROCUREMENT LIST**

If a service that has been added to the Procurement List is procured competitively at a later date (as a result of a Committee-approved action) and it will subsequently be performed by a Nonprofit Agency under essentially the same SOW/PWS as that associated with the competitive procurement, a new Base Price is established using the procedures in PR-3 and the commercial price should be considered in the market survey.

## **8. CONTRACTING ACTIVITIES - ACTIONS REQUIRED**

**A. Processing Schedules** - Contracting Activities are required to adhere to the processing schedules established by the Committee as outlines in Enclosures 1-3 to this memorandum. Contracting Activities' internal procedures are to be coordinated with the Committee's schedules so that processing is completed on time.

**B. Issuance of Contract Modifications** - Contracting Activities are required to issue

modifications to JWOD contracts in a timely manner to allow re-pricing results to be reflected in payments for services. The nature of Nonprofit Agency operations and the frequent scrutiny by DOL and other agencies leave no room for delays in implementing Committee-approved prices.

**C. Responses to Requests for Information** - Contracting Activities are required to process requests for historical data or clarifications received from NIB or NISH in the same manner as if they had been received from the Committee. The Committee will review requests that the Contracting Activity deems unnecessary.

## **9. NISH AND NONPROFIT AGENCIES - ACTIONS REQUIRED**

**A. Processing Schedules** - NIB, NISH and Nonprofit Agencies are also required to adhere to the processing schedules established by the Committee (Enclosures 1-3). These organizations' internal procedures are to be coordinated with the Committee's schedules so that processing is completed on time.

**B. Responses to Requests for Information** - Timely responses to requests for information and clarification are critical to keeping processing of pricing actions on schedule. NIB, NISH and Nonprofit Agencies are required to process such requests from Contracting Activities in the same manner as if they had been received from the Committee. The Committee will review requests that NIB or NISH deem unnecessary.

## **10. APPENDICES - SCHEDULES AND FORMS:**

- A. "Outline for Processing Initial Prices"
- B. "Outline for Processing New Base Prices for Services"
- C. "Outline for Processing Follow-on Year Price Renewals for Services"
- D. "Request for Fair Market Price Determination for Services," FMP-7, with Instructions
- E. "Price List," FMP-8, with Instructions
- F. "Cost Breakdown - Services," FMP-9, with Instructions
- G. "Expendable Supplies," FMP-9 Attachment A, with Instructions
- H. "Major Equipment," FMP-9 Attachment B, with Instructions

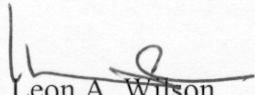
- I. "Minor Equipment," FMP-9 Attachment C, with Instructions
- J. "Fringe Benefits," FMP-9 Attachment D, with Instructions
- K. "Vehicle Operations," FMP-9 Attachment E, with Instructions
- L. "Cost Breakdown - Services - Follow-on Years," FMP-13, with Instructions
- M. "Cost Computation - Additional Labor Hours," FMP-14, with Instructions

As noted in section 3 the following forms are no longer in use:

"Factored Price Change - Services," FMP-10

"Price List - Factored Price Change," FMP-11

"Bid Worksheet - Base Price Determination," FMP-12

  
Leon A. Wilson  
Executive Director

## APPENDIX A OUTLINE FOR PROCESSING INITIAL PRICES FORM SERVICES

The following is an outline and time line of the pricing actions required in adding a service to the Procurement List when the new DOL Wage Determination and Statement of Work are available.

"No. of Days" shown are the minimum number of days prior to the Addition of the Service to the normally 30 days after publication of the Addition Notice in the Federal Register. The Nonprofit Agency assumes responsibility on or after the effective date.

NIB or NISH and Contracting Activities (CA) shall adhere to this schedule unless authorized by the Deputy Executive Director of the Committee to depart from it.

<u>AGENCY</u>	<u>NO. OF DAYS</u>	<u>ACTION</u>
CA	180	Request new DOL Wage Determination. (See FAR reference in 2.E. on page 4)
CA	120	Provide to Nonprofit Agency or NIB/NISH. -New DOL Wage Determination -New PWS/SOW -Bid data, including old Wage Determination
NIB/NISH	70	Submit Form ADD-2 and completed price request to Committee and provide copy of price request to CA for comment/concurrence.
Committee Staff	65	Publish notice of proposed addition in Federal Register.
CA	50	Notify Committee Staff of concurrence or comments. If nonconcurrence, provide copy of comments to NIB or NISH also.
Committee Staff	45	Notify NIB or NISH regarding Fair Market Price.
Committee Staff	25	Send Decision Package to Committee members.
Committee Staff	7	Publish notice of addition in the Federal Register.
Committee Staff	4	Provide Official notice of addition to Contracting Activity and NIB or NISH.

**APPENDIX B**  
**OUTLINE FOR PROCESSING**  
**NEW BASE PRICES FOR SERVICES**

The following is an outline and time line of the actions required to obtain Committee approval of a new Base Price for a Service on the Procurement List. "No. of Days" shown are the minimum number of days prior to the beginning of the new service period by which the action must be completed. NIB or NISH and Contracting Activities (CA) shall adhere to this schedule unless authorized by the Deputy Executive Director of the Committee to depart from it.

During the last three months of the service period, Contracting Activities should restrict changes to the Statement of Work to those caused by emergency situations, so that a stable work requirement prevails for the determination for the new five year price.

<u>AGENCY</u>	<u>NO. OF DAYS</u>	<u>ACTION</u>
NIB/NISH	150(+)	Inform Contracting Activity of impending Base Price renewal.
CA	150	Request new DOL Wage Determination. (See FAR reference in 2.E. on Page 4)
CA	90	Provide to Nonprofit Agency: New DOL Wage Determination. Copy of SF-98 returned by DOL. Recent procurement data, when appropriate.
NIB/NISH	45	Submit completed price request to Committee and provide copy of price request to Contracting Activity for comment/concurrence.
CA	25	Notify Committee staff of concurrence or comments. If non-concurrence, provide copy of comments to NIB or NISH also.
Committee Staff	5	If no objection, provide the official notice of price change to Contracting Activity and NIB or NISH.

**APPENDIX C**  
**OUTLINE FOR PROCESSING**  
**FOLLOW-ON YEAR PRICES FOR SERVICES**

The following is an outline and time line of the actions required to complete and implement a Follow-On Year Price for a service on the Procurement List. "No. of Days" shown are the minimum number of days prior to the beginning of the new service period by which the action must be completed. NIB or NISH and Contracting Activities (CA) shall adhere to this schedule unless authorized by the Deputy Executive Director of the Committee to depart from it.

During the last three months of the service period, Contracting Activities should restrict changes to the Statement of Work to those caused by emergency situations, so that a stable work requirement prevails for the determination of the new Follow-On Year Price.

<u>AGENCY</u>	<u>NO. OF DAYS</u>	<u>ACTION</u>
NIB/NISH	150(+)	Inform Contracting Activity of impending Follow-On Year Price renewal and status of Economic Adjustment Factor for the period.
CA	150	Request new DOL Wage Determination. (See FAR reference in 2.E. on Page 4)
Committee Staff	105	Inform CNA of Economic Adjustment Rate date effective for new service period.
CA	90	Provide to Nonprofit Agency: New DOL Wage Determination. Copy of SF-98 returned by DOL.
NIB/NISH	90	Provide Contracting Activity with: Economic Adjustment Rate. Percentage change in selected PPI Code.* Service period start date. 12 month differential period.
NIB/NISH	60	Submit proposed Follow-On Year Price to Contracting Activity for review.
CA	30	Notify NIB or NISH and Nonprofit Agency of concurrence or comments.
CA	5	Issue modification to agreement implementing the new Follow-On Year Price.

\*Industrial Commodities Less Fuels and Power" (BLS Table 8)

**APPENDIX D**  
**INSTRUCTIONS AND PROCEDURAL REQUIREMENTS**  
**REQUEST FOR FMP DETERMINATION FOR SERVICES**  
**FMP-7**

**GENERAL**

The Request for Fair Market Price Determination for Services is used by the Committee to establish the Initial Fair Market Price for a service proposed for Addition to the Procurement List or a revised Base Price for a Service already on the Procurement List.

**DIRECT LABOR WAGES**

Information affecting the various attachments is summarized here. Specific application of the information is on the FMP-9 or on the appropriate attachment.

Enter the date(s) and number(s) of the Wage Determinations applicable to the new service period, and list the information about the classes of employees, wages and hours as indicated by the column headings. Show wage information in the same number of decimal places as reflected on the Wage Determination.

In those instances where multiple classes are not reflected on individual Fringe Benefit attachments (FMP-9Ds), show the mathematical derivation of the New Average Wage.

**LABOR HOURS**

For each task which has been affected by a change in the Statement of Work/Performance Work Statement or in conditions of performance required by the Contracting Activity, enter side-by-side the "Base" and "New" task descriptions and the direct labor hours for each. Show under "Base" a description of the task in terms of the type of work, the area, buildings, or activities serviced, the frequency together with the number of hours of direct labor currently required to perform the task. Under "New" show the changes in the task to be performed in the terms used for the old task and how the hours of direct labor which will be required to perform the new task result from these changes. A comparison of the "Base Task" and "New Task" should reflect a mathematical relationship which will justify any changes in the number of direct labor hours or form the basis for related changes to other elements of cost, such as Expendable Supplies related to building population changes, etc.

For those tasks which have not changed, enter the words "Other tasks" and the direct labor hours associated with those tasks under "Base," and repeat the words "Other tasks" and the same number of direct labor hours under "New."

When a task is discontinued, show the name of the task and its direct labor hours in the "Base" section. Under "New," enter the word "discontinued" and insert 0 (zero) for the direct labor hours.



When a task is added, show the words "Not required" and 0 (zero) direct labor hours under "Base." Enter the description of the task and the direct labor hours required to perform the task in the "New" section.

When there are no changes in the Statement of Work affecting direct labor hours since the last "Base" price was determined, simply show the words "No change" under "Base Tasks" and "New Tasks" and enter the same number at the bottom of the "Base" and "New" sections.

When the initial price is based on bids and there are changes in the Statement of Work for the Nonprofit Agency's first performance period, show the tasks and related direct labor hours for the current contractor's Statement of Work in the "Base" section and the revised tasks which the Nonprofit Agency will perform together with the related direct labor hours in the "New" section. Show the totals in each section.

When the initial price is based on Nonprofit Agency costs, use only the "New" section.

#### CHANGES IN STATEMENT OF WORK

#### CHANGES IN SUPPLIES AND EQUIPMENT

#### CHANGES IN SUPERVISION

Normally applicable only when the form is used for Price C.

#### CHANGES IN BURDEN

Normally applicable only when the form is used for Price Changes. Explain and include justification for any adjustments to Burden elements not handled per normal Committee procedures.



**REQUEST FOR FAIR MARKET PRICE DETERMINATION  
FOR SERVICES**

**2. LABOR HOURS (Expressed in Saturday Labor Hours)**

SERVICE PERIOD		SERVICE PERIOD	
TASKS	HOURS	TASKS	HOURS
Base Direct Labor Hours _____		New Direct Labor Hours _____	

**3. CHANGES IN STATEMENT OF WORK**

**4. CHANGES IN SUPPLIES/EQUIPMENT**

**5. CHANGES IN SUPERVISION**

**FMP-7 (11/01)**

**PR-6**

**REQUEST FOR FAIR MARKET PRICE DETERMINATION  
FOR SERVICES**

**6. CHANGES IN BURDEN**

**7. A letter has been received from an Officer of the Board or the Executive Director of the nonprofit agency concurring on the proposed price(s) and indicating that the nonprofit agency is willing to provide the service at the proposed price(s).**

**8. This request is based on the 1994 Fair Market Pricing Policy.**

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**CONTRACTING ACTIVITY**

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**SIGNATURE**

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**CONTRACTING OFFICER**

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**SIGNATURE**

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**TELEPHONE NO.**

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**CNA & TITLE**

**ENCLOSURES:**

**FMP-8**

**FMP-9 with attachments**

**PA Letter Regarding Any Scope Changes**

**FMP-12 (when used)**

**FMP-13**

**FMP-14 (when used)**

**IFB w/ Annotated Bid Tab and**

**Applicable Wage Determination (when used)**

FMP-7 (11/01)

PR-6

**APPENDIX E  
INSTRUCTIONS AND  
PROCEDURAL REQUIREMENTS**

**PRICE LIST - SERVICES  
FMP-8**

1. List the name(s) of the primary service or services under the heading "Task/Item" with the proposed new Base Price under the heading "Proposed Price." When additional prices are required, list the titles of these below the name of the primary service(s).
2. The prices shown shall indicate the unit or period for the price, such as: per year, per month, per case, per square foot, per occurrence or per each.
3. When prices for Additional Labor Hours are required, type "ADDITIONAL LABOR HOURS" in capital letters under "Task/Item" and, indented on the 3 or 4 lines immediately below, list the titles and regular/overtime as required. Opposite each title enter the hourly prices under the "Proposed Price" heading.
4. To show multi-year prices, type the underscored words "First Year" followed by the beginning date of the service period under "Task/Item" and list the name(s) of the services(s) immediately below with the proposed prices opposite. Below the last entry for the first year, type the underscored words "Second Year" followed by the beginning date for the service in that year and list the name(s) of the service(s) immediately below. Repeat this procedure for other Follow-On Years.
5. Prices for "Additional Labor Hours" will be shown for the first year only.

**PRICE LIST  
SERVICES**

**SERVICE:** \_\_\_\_\_

**LOCATION:** \_\_\_\_\_

TASK/ITEM	PROPOSED PRICE

**APPENDIX F  
INSTRUCTIONS AND  
PROCEDURAL REQUIREMENTS**

**COST BREAKDOWN - SERVICES  
FMP-9**

**GENERAL**

The Cost Breakdown - Services is the summary form used to list those cost elements which the Committee permits to be itemized. The form is used to display the Nonprofit Agency's estimated costs to perform a service in order to establish a new Base Price for the next service period (or the first service period, as appropriate).

When circumstances dictate the use of an "Adjusted Base" column to show adjustments, such as changes to the Statement of Work used as the basis for an initial FMP based on bids, column (3) is used in conjunction with the Base and New columns. In all other instances, only the Base and New columns are used.

An underlying principle of the Committee's Fair Market Pricing system is the pass-through of justified changes to allowable costs. These procedures describe how that principle is implemented.

The Committee uses the concepts of Base Date and Service periods to set time frames for the application of the Service Contract Act and other time-related requirements. The Base date is the last day of the Base service period. The normal Service period is one year. The normal five-year price covers the Base year and four Follow-On Years, for a total of five service periods.

**LABOR**

**Base Column.** Replicate the last Committee-approved "New" column entries. If Lead Workers were shown separately on the previous Cost Breakdown, continue to display separately.

**New Column.** Enter the value of Direct Labor for Workers and Lead Workers on Lines 1.a and b. Enter the value for Supervisors on Line 1.c. Values should correspond to the entries on Line 4 of the respective FMP-9 Attachment D.

Enter the new Average Wage information from the FMP-7 page 1 or the FMP-9 Attachment D, as appropriate.

Total Lines 1.a, 1.b. and 1.c. and enter the result on Line 01 TOTAL LABOR.

**OTHER DIRECT CHARGES**

**EXPENDABLES, MAJOR AND MINOR EQUIPMENT**

**Base Column.** Replicate the last Committee-approved "New" column entries.

**New Column.** Enter the values from the corresponding attachments for Expendables, Major and Minor Equipment.

## **REMAINING OTHER DIRECT CHARGES**

**Base Column.** Replicate the last Committee-approved "New" column entries.

**New Column.** Enter the values from the corresponding attachments for Vehicle Operation, Rental, Subcontracting and any other itemized charges.

## **OTHER BURDEN**

**Base Column.** Replicate the last Committee-approved "New" column entries. For all Cost Breakdowns that were last provided on the (6/88) version of Committee forms or earlier, calculate the Total Direct Charges Line 4 by adding Lines 01, 02 and 03.

**New Column.** When there is no Base data, calculate the value of Other Burden by applying the percentage shown on Line 5 to the Total Direct Charges value (Line 4). Enter the result on Line 5. When there is Base data, adjust the value of Other Burden in the same ratio as the change in Line 4, Total Direct Charges. Any other method of adjusting Other Burden must be accompanied by a detailed breakdown justifying the cost of Other Burden shown on Line 5.

The costs for telephone shall not exceed 9.5% of Line 4 for Initial Fair Market Prices based on cost without detailed justification together with concurrence of the Contracting Activity.

For services when the initial FMP was based on bids, the resulting Other Burden rate will be averaged with the guideline figure each time a new five-year price is forwarded to the Committee. An exception to this procedure would be when the five-year price for the initial performance period by the Nonprofit Agency was not established by the Committee at the time of Addition to the PL. In that case the initial Other Burden rate would be used for that initial five-year price.

## **TOTAL SERVICE COST**

**Base Column.** Replicate the last Committee-approved "New" column entry.

**New Column.** Total Lines 4 and 5.

## **BASE PRICE**

**Base Column.** Replicate the last Committee-approved "New" column entry.

**New Column.** Divide the New Total Service Cost by 0.96 and enter the result on Line 5 ANNUAL. The NIB or NISH fee cost element is recalculated each year based on the Total Service Cost on Committee form FMP-9 (Line 6 divided by 1 minus the Committee-approved rate; e.g.,  $1 - .04 = 0.96$ ; Line 6 divided by 0.96 = the adjusted Follow-On Year price). Round the result to the appropriate number of decimal places for reflecting Procurement List prices.



For services where the Nonprofit Agency is paid on a monthly basis, the price approved by the Committee shall be reflected as a Price per Month rather than a Price per Year on the FMP-8, FMP-10 and FMP-11. It will be derived on FMP-9 by dividing the Annual Price by the number of months the service will be performed during the year and entering the result on the line below, rounding to the nearest cent if less than \$1,000 or to the nearest whole dollar if \$1,000 or more.

## COST BREAKDOWN - SERVICES

SERVICE: \_\_\_\_\_ CNA: \_\_\_\_\_

LOCATION: \_\_\_\_\_ DATE: \_\_\_\_\_

(1)	(2)	(3)	(4)	(5)
DESCRIPTION	BASE ( )		NEW ( )	% CHANGE
<b>1. LABOR</b>				
a. Direct Labor Wage: _____				
b. Lead Worker Wage: _____				
c. Supervision Wage: _____				
<b>01 TOTAL LABOR</b>				
<b>2. LABOR FRINGE BENEFITS</b>				
a. Direct Labor Fringe (Attachment D)				
b. Supervision Fringe (Attachment D)				
<b>02 TOTAL FRINGE BENEFITS</b>				
<b>3. OTHER DIRECT CHARGES</b>				
a. Expendables (Attachment A)				
b. Major Equipment (Attachment B)				
c. Minor Equipment (Attachment C)				
d. Vehicle Operation (Attachment E)				
e. Rental (Attachment F)				
f. Subcontracting (Attachment G)				
g.				
h.				
<b>03 TOTAL OTHER DIRECT CHARGES</b>				
<b>4. TOTAL DIRECT CHARGES (01+ 02 + 03)</b>				
<b>5. OTHER BURDEN _____%</b>				
<b>6. TOTAL SERVICE COST (Divide by .96 to obtain Base Price)</b>				
<b>7. BASE PRICE Annually</b>				
<b>Monthly</b>				

FMP-9 (11/01)

PR-6

**APPENDIX G  
INSTRUCTIONS AND  
PROCEDURAL REQUIREMENTS**

**EXPENDABLE SUPPLIES  
FMP-9 Attachment A**

**GENERAL**

Expendable Supplies are those items with a unit price of less than \$150. They are normally items which are consumed, such as toilet paper, paper towels, floor wax, trash bags, fertilizer, etc.

For each item, provide at least one vendor quotation. Vendor quotations should include the name, complete address, telephone number, date, contact person and unit or purchase.

A percentage factor for miscellaneous supplies is not acceptable. These items shall be listed separately.

**DESCRIPTION**

List each item separately, using generic terms. Do not include brand or trade names. Also include the make-up of the unit of purchase; e.g., 12 16 oz. bottles per case.

**UNIT OF PURCHASE**

E.g., case (CS), each (EA), etc.

**NUMBER OF UNITS**

Enter the quantity (in terms of the unit of purchase) to be supplied during the service period.

**PRICE PER UNIT**

Enter the lowest quoted price for each item listed under description. If lowest price is not used, provide an explanation.

**COST**

Extension of Number of Units and Price.

**TOTAL**

Sum the cost column. If sales tax is required, it should be applied to the total cost as a separate line item at the bottom of the form. Enter the resulting Total on FMP-9, Line 3.a.

**EXPENDABLE SUPPLIES**

DESCRIPTION	UNIT OF PURCH.	NUMBER OF UNITS	PRICE PER UNIT	COST

**FMP-9A (11/01)**

**PR-6**

**APPENDIX H  
INSTRUCTIONS AND  
PROCEDURAL REQUIREMENTS**

**MAJOR EQUIPMENT  
FMP-9 Attachment B**

**GENERAL**

Only major items of equipment shall be included on this form. These shall be limited to items with a unit value of \$1,000 or more.

When new or replacement items are listed on the form, a listing showing at least three quotations for each item shall accompany the form. ("No Bid" quotes are not acceptable.) Vendor quotations shall include the name, complete address, telephone number, date, contact person and unit of purchase.

When an item of major equipment is replaced, a copy of the invoice for the replacement item shall also be submitted, annotated to show the disposition of the old item and the value, if any, received for its sale or trade-in. Concurrence of the Contracting Officer or his/her representative in the replacement of equipment is required.

Nonprofit Agencies shall be prepared to provide copies of invoices to support the unit costs shown for each item of equipment included on the form.

**DESCRIPTION**

List each item separately, using generic terms. Do not use brand or trade names.

**YR (Year of Purchase)**

Enter the year of the end of the Base Service period for which the item was purchased (or will be purchased, in the case of initial prices). Explain any unique circumstances in a footnote or on an addendum.

**LIFE (Useful Life)**

The Committee has adopted Useful Life guidelines for the most common equipment used on JWOD Service projects. A copy of its most recent listing should be filed with this memorandum for reference.

**% (Percent Used on Service)**

Enter the portion of the total usage of the item that is assignable to this project.

**# (Number of Units)**

Self-explanatory.

**UNIT PRICE**

Enter the price from the invoice or appropriate quotation, including any required sales taxes in the unit price shown. If an item of equipment is replaced, a copy of the invoice for the replacement item shall also be submitted, annotated to show the disposition of the old item and the value, if any, received from its sale or trade-in. Any such item which is being replaced and for which no disposition is shown will be assumed to have a residual value of 10% of the old Unit Price and that amount shall be deducted from the Unit Price of the new item. The contracting officer's written agreement to items scrapped (no salvage value) must be furnished, if such is claimed.

**TOTAL TO BE DEPRECIATED**

Mathematical extension of Number of Units, Unit Price and Percent Used on Service.

**CLAIMED TO DATE**

Normally blank for initial prices. For Price Changes, enter the accumulated total for the years since the last Base Price was established.

**NEXT SERVICE PERIOD**

One year's portion of the Total to be Depreciated. Sum this column when completed and enter on the FMP-9 Line 3.b.

## MAJOR EQUIPMENT

DESCRIPTION	YR.	USEFUL LIFE	% USED ON SVC	# UNITS	UNIT PRICE	TOTAL TO BE DEPRECIATED	DEPRECIATION COST	
							TO DATE	NEXT PERIOD

**FMP-9B (11/01)**

**PR-6**

## MAJOR EQUIPMENT DEPRECIATION LIST

<u>ITEM</u>	<u>USEFUL LIFE</u>	<u>ITEM</u>	<u>USEFUL LIFE</u>
AEREATER/RAKE	5	DOUBLE TIER LOCKER	10
AIR COMPRESSOR	5	DRYER, FLOOR (BLOWER)	3
APPLICATOR, FLOOR FINISH	5	DRYER, TURBO CAT	5
APPLICATOR, STRIPPER	5	EDGE TRIMMER, ELEC.	3
APPLICATOR, WAX	3	EDGE TRIMMER, GAS	3
AUTOSCRUBBER	5	EDGER, POWER	3
BLOWER, BACK-PAC	3	EQUIPMENT CONTAINER	10
BLOWER, LEAF	3	FAN, CYCLONE	3
BLOWER, SNOW	5	FAX MACHINE	5
BUFFER, DUAL-SPEED	5	FLOOR JACK	5
BUFFER, LOW SPEED	5	FLOOR MACHINE	5
BURNISHER, BATTERY	5	GAS STORAGE CONTAINER LOCKER	5
BURNISHER, HI-SPEED	5	GENERATOR, PORTABLE	5
CALCULATOR (OVER \$100)	3	HEDGE TRIMMER, GAS	3
CARPET EXTRACTOR	5	LADDER (WOOD/ALUM/FIBERGLASS)	7
CART, CUSHMAN	5	LINE TRIMMER	3
CART, GOLF	5	MOWER GANG (TOWED)	7
CART, JANITOR	5	MOWER, PUSH	3
CART, MAID	5	MOWER, RIDING	5
CART, UTILITY	5	NOZZLE, PRESSURE	2
CART, WARMING	5	PAGER	3
CHAIN SAW	3	PC/PRINTER/MONITOR	5
CHEMICAL MIXING STATION	5	PALLET JACK	5
COMPUTER W/MONITOR (AND PRINTER)	5	PLATFORM TRUCK (HAND)	5
COPIER, TABLETOP	5	PRESSURE WASHER	5



<u>ITEM</u>	<u>USEFUL LIFE</u>
RADIO, TWO-WAY	5
ROTOWASH MACHINE	5
SAFE, COMBINATION	1
SHAMPOOER, CARPET	5
SHELVING UNIT	1
SNOW BLOWER/TRACTOR	5
SPRAYER, BACK-PAC	3
SPRAYER, HAND TANK	3
SPRAYER, POWER	5
SPREADER, (HAND)	3
SPREADER, (TOW)	5
SWEEPER, CARPET (HAND HELD)	3
SWEEPER, MANUAL (OUTDOOR)	5
SWEEPER, MECHANICAL (OUTDOOR)	5
SWEEPER, RIDING	5
TANK W/PUMP (50 GAL)	5
TILLER	5
TIME SYSTEM, AUTOMATED	5
TOOL SET	5
TRACTOR, YARD	5
TRAILER, OFFICE	15
TRAILER, FLAT-BED	7
TYPEWRITER, ELECTRIC	5
VACUUM, UPRIGHT	3
VACUUM, CANISTER	3
VACUUM, BACK-PAC	3

<u>ITEM</u>	<u>USEFUL LIFE</u>
VACUUM, EXTERIOR	5
VACUUM, HEAVY DUTY/ DUAL MOTOR	5
VACUUM, HEP	3
VACUUM, LAWN	3
VACUUM, LITTER	3
VACUUM, TRUCK MOUNTED	3
VACUUM, WET/DRY	3
VACUUM, WIDE-AREA	5
VACUUM, YARD	5
VAN/LIGHT TRUCK	7
WEEDEATER	3

**APPENDIX I  
INSTRUCTIONS AND  
PROCEDURAL REQUIREMENTS**

**MINOR EQUIPMENT  
FMP-9 Attachment C**

**GENERAL**

Items of equipment with a unit value of \$150 to \$999 or items of equipment with a value of less than \$150 and a useful life of greater than one year will be included here. When new items are listed on the form, a listing showing at least two actual quotations for each item will accompany the form. Vendor quotations shall include the name, complete address, telephone number, date, contact person and unit of purchase.

**DESCRIPTION**

List each item separately, using generic terms. Do not use brand or trade names. In the case of uniforms, where there is an option on the type of uniform, wash and wear smocks shall be used on the basis of three per average work-year (FMP-9D, Line 7).

**LIFE (Useful Life)**

The Committee has adopted Useful Life guidelines for the most common equipment used on JWOD Service projects. A copy of its most recent listing should be filed with the memorandum for reference.

**% (Percent Used on Service)**

Enter the portion of the total usage of the item that is assignable to this project.

**# (Number of Units)**

Self-explanatory.

**UNIT PRICE**

Enter the price from the invoice or appropriate quotation, including any required sales taxes in the unit price shown.

**TOTAL TO BE DEPRECIATED**

Mathematical extension of Number of Units, Unit Price and Percent Used on Service.

**NEXT SERVICE PERIOD**

One year's portion of the Total to be Depreciated. Sum this column when completed and enter on the FMP-9 Line 3.c.

### MINOR EQUIPMENT

DESCRIPTION	USEFUL LIFE	% USED ON SVC	# OF UNITS	UNIT PRICE	TOTAL TO BE DEPRECIATED	DEPRECIATION COST NEXT SERVICE PERIOD

FMP-9C (11/01)

PR-6

## MINOR EQUIPMENT DEPRECIATION LIST

<u>ITEM</u>	<u>USEFUL LIFE</u>	<u>ITEM</u>	<u>USEFUL LIFE</u>
AIR TANK, PORTABLE	5	DUST PAN, UPRIGHT	3
ALL PURPOSE CADDY	5	EXTENSION CORD	3
BARREL CADDY/BRUTE CADDY	3	EXTENSION POLE	5
BARREL DOLLY	3	FIRE EXTINGUISHER	5
BATTERY CHARGER	5	FIRE PLUG ADAPTER	5
BLOWER	2	FIRE PLUG WRENCH	5
BROOM, ANGLE	2	FIRST AID KIT	2
BROOM HANDLE, REINFORCED	5	FLOWERS, ARTIFICIAL	3
BROOM, PUSH	2	FOAM GUN	1
BROOM, SIDEWALK	2	FUNNEL	1
BROOM, TOY	2	GAS CAN	5
BRUSH, FLOOR (DECK)	2	GREASE GUN	3
BRUTE CONTAINERS	5	HANDSAW	1
BUCKET, UTILITY (METAL)	5	HAT, CLOTH	1
BUCKET, UTILITY (PLASTIC)	3	HAND TRUCK	5
BUCKET, WINDOW CLEANER	5	HOE	3
CASH BOX, METAL	5	HOLIDAY DECORATION SET	2
COFFEE DECANter	2	HOSE	3
CROCKERY, FOOD SERVICE	2	HOSE CART	5
DISPENSER, CHEMICAL	3	ICE CHOPPER	2
DISPENSER, LIQUID SOAP	3	INCLINE BACKFLOW PREVENTER	3
DISPENSER, PAPER TOWEL	3	KNIFE, COOKING	2
DISPENSER, TOOTHPICK	3	LADDER (WOOD/ALUM/FIBERGLASS)	7
DRUM PUMP, NON-CORROSIVE	5	LAWN MOWER BLADE	1
DRUM PUMP, PLASTIC	2	LIGHT BULB CHANGER	3
DUST PAN, PLASTIC	3		

<u>ITEM</u>	<u>USEFUL LIFE</u>	<u>ITEM</u>	<u>USEFUL LIFE</u>
MAT, RUBBER	2	SIGN, OUT-OF-SERVICE	5
MOP BUCKET W/WRINGER	3	SIGN, WET FLOOR	5
MOP HANDLE/MOP FRAME	3	SPADE	5
NOZZLE, GARDEN	3	SPRAYER	3
NOZZLE, PRESSURE	2	SPREADER, PUSH	3
PAD, BONNET	2	SPREADER, TOWED	5
PADLOCK	5	SPRINKLERS	5
PAIL, DOUBLE	3	SQUEEGEE, FLOOR	5
PANS, SERVING	3	SQUEEGEE, HANDLE	5
PAN TONGS	2	SQUEEGEE, WINDOW	3
PICK, GROUND	3	STATIONARY JACK	5
PITCH FORK	3	STORAGE CONTAINERS, FOOD SERV	2
PLANTS, ARTIFICIAL	3	SUPPLIES CADDY	3
PRESSURE SPRAYER	2	SWEEPER, BISSEL	2
PRUNER, HAND	3	TRAPS	2
PUTTY KNIFE	2	TELESCOPE HANDLE	5
RAKE, SPRING (METAL)	3	TELESCOPIC POLE	5
RESERVOIR TANK	2	THERMOMETERS, FOOD	2
SAFETY BELT	2	TRASH BARREL	5
SAFETY CONE	3	TRI JET FOGGER	5
SALAD BOWL	3	TRIMMER, GRASS	5
SALAD BOWL, INDIVIDUAL	2	TRIMMER, HEDGE	5
SALAD TONGS	2	TROWEL	3
SHEARS, HAND	3	TWIST-OFF DOLLY	3
SHEARS, LOPPING	3	VACUUM ACCESSORIES/ ATTACHMENT	3
SHOVEL	3	VEGETABLE CRISPER	2
SHOVEL, SNOW (Push or Scoop)	2		

<b><u>ITEM</u></b>	<b><u>USEFUL LIFE</u></b>
<b>WEDGE, DOOR</b>	<b>2</b>
<b>WEEDEATER</b>	<b>5</b>
<b>WEEDER</b>	<b>3</b>
<b>WET WORK CLOTHING</b>	<b>2</b>
<b>WET FLOOR SIGN</b>	<b>5</b>
<b>WHEELBARROW</b>	<b>5</b>
<b>WINDOW BRUSH HANDLE</b>	<b>5</b>
<b>WINDOW CLEANING KIT</b>	<b>5</b>
<b>WINDOW WASHER</b>	<b>2</b>

**APPENDIX J  
INSTRUCTION AND  
PROCEDURAL REQUIREMENTS**

**FRINGE BENEFITS  
FMP-9 Attachment D**

**GENERAL**

This form is used to list fringe benefit costs for services on the Procurement List.

Prepare a separate FMP-9D for Workers, Lead Workers and Supervisors. Additional supervision in the form of Lead Workers is only recognized when specifically required by the Statement of Work or agreed to by the Contracting Activity. In other instances, Lead Worker hours must be provided from within the normal complement of supervisory hours. For purposes of this allocation of hours, 50% of the Lead Worker's time is considered to be spent on Supervisory duties. Enter the sum of lines 15 of FMP-9D for Workers and Lead Workers on the Direct Labor Fringe line 3.a. of FMP-9.

Provide rationale and justification for the use of Lead Workers on an addendum to the FMP-9 Attachment D for Lead Workers.

In very complex services, such as Full Food Service, there may be a requirement for on-site administrative positions performing duties solely related to the provision of the services which cannot be classified as direct labor or supervision, but are properly classified as indirect labor. When such indirect labor positions are required in performing the service, list on a separate sheet of paper each such position showing for each: position title, hourly wage, hours worked on-site annually, and total annual cost. The costs for these positions shall be combined with the costs for on-site supervisors on line 2.b. of the FMP-9. Prepare one or most separate FMP-9D Fringe Benefit forms for these positions, as appropriate. Combine the total fringe benefit costs for these positions with the supervisors' fringe benefit costs on line 3.b. of the FMP-9.

In the pricing of all services, the costs of wages and fringe benefits of Nonprofit Agency managerial, administrative, overhead and support personnel performing such functions as payroll, personnel and contract administration are included in "Other Burden". No part of these costs are chargeable as direct labor, indirect labor or on-site supervision on Committee pricing forms.

The wage rates indicated in the Wage Determination, or as approved by the Department of Labor, shall be used for determining the direct labor costs. Sick Leave and Pension Plan costs may not be itemized on the form unless specifically required by the Wage Determination.

**LINE 1** - Enter the total standard hours performed by workers. This should agree with the total "Direct Labor Hours" for the new service period portion of Section B of FMP-7.

For Lead Workers and Supervisors, enter the total hours worked. Supervisory hours shall be limited to 8.5% of standard direct labor hours for commissary shelf stocking projects and 8% of

standard direct labor hours for all other services unless a different number has been agreed to by the Contracting Activity in writing or is required by the Statement of Work.

**LINE 2** - Enter the total direct labor hours performed by both non-disabled workers and workers with disabilities. Enter the average worker productivity rate information in the blanks provided. Explain and justify in Section F of FMP-7 any changes in average productivity, including lists of workers showing their productivity.

For Lead Workers and Supervisors, enter the total hours worked. Since Lead Workers and Supervisors are assigned supervisory duties, receive premium pay and/or benefits, they are considered to be fully productive (100%).

**LINE 3** - Wages are shown to the same number of decimal places as are on the DOL Wage Determination. Direct Labor wages are normally taken from there or from the Average Wage calculation on FMP-7 if multiple wages/categories are involved. Wage rates of any class of direct labor service employees that are not specifically indicated in the Wage Determination must be approved by DOL as the result of a request by the Contracting Officer under the provisions of 29 CFR 4.6(b)2. As a general rule, wages paid to supervisors are normally in a range of 125% to 135% of the Average Direct Labor wage shown on FMP-7, or 110% of the highest wage rate supervised, whichever is higher. Lead Worker wages are normally about halfway between the average direct labor wage and the wages paid to supervisors.

**LINE 4** - Mathematical extension of Line 1 and Line 3. Round to two decimal places.

**LINE 5** - Self-explanatory.

**LINE 6** - For Workers and Lead Workers, show 8 days for vacation. This number is based on the average vacation days for the normal Wage Determination using a 20% rate of turnover for Direct Labor personnel. Specific WD differences may cause another number to result, and it will be substituted accordingly. For Supervisors, use 10 days for "Vacation" beginning with the first year the service is provided. If any other number of vacation days is used, it must be justified in Section F of FMP-7. Also, explain any changes in holidays or sick leave days.

**LINE 7** - Self-explanatory (round the results to two decimal places).

**LINE 8** - As specified by DOL.

**LINE 9** - Self-explanatory.

**LINE 10** - Enter the payroll-based expense rates for the Nonprofit Agency, including appropriate application of experience modifiers and other elements. Either Accident Insurance or Workmen's Compensation can be claimed, but not both unless required by State law.

**LINE 11** - Self-explanatory.

**LINE 12** - Self-explanatory.



**LINE 13** - Self-explanatory.

**LINE 14** - Only used when unique benefit situations demand it. Addendum must include justification, calculations and documentary evidence of benefit requirement.

**LINE 15** - Self-explanatory. Enter on FMP-9 Direct Labor Fringe or Supervisor Fringe as appropriate.

## FRINGE BENEFITS

☐ WORKERS  
☐ SUPERVISOR

LINE NO.	DESCRIPTION	NEW
1.	<b>Nondisabled Labor Hours (Standard Hours)</b>	
2.	<b>Total Labor Hours Worked to Provide Service</b> (Average Productivity _____% (Whole%))	
3.	<b>Average Wage</b> (For Direct Labor same as Line 2a. of FMP-9)	
4.	<b>Total Labor Cost</b> (Multiply Line 1 by Line 3) (For Direct labor same as Line 2a. of FMP-9)	
5.	<b>Average Hourly Earnings</b> (Divide Line 1 by Line 2 and Multiply by Line 3)	
6.	<b>Number of Holiday and Vacation and Sick Leave Hours</b> (Days: Holiday _____ Vacation _____ Sick Leave _____)	
7.	<b>Average Work Years</b> (Divide Line 2 by _____ Hours) (2080 Minus Line 6)	
8.	<b>Health and Welfare Rate (\$/Hour)</b>	
9.	<b>Hourly Earnings plus Health and Welfare</b> (Add Lines 5 and 8)	
10.	<b>Payroll - Based Expense Rates</b> a. FICA b. Unemployment c. Accident Insurance d. Workers Compensation Rate e. Total Payroll Expense Rates	
11.	<b>Total Health and Welfare Benefits (Multiply Line 2 by Line 8)</b>	
12.	<b>Total Holiday and Vacation and Sick Pay and Benefits</b> (Multiply Line 6 by Line 7 by Line 9)	
13.	<b>Payroll Taxes</b> a. On Pay (Multiply Line 4 by Line 10e) b. On Holidays Vacations Sick (Multiply Line 5 by Line 6 by Line 7 by Line 10e) c. Total Payroll Taxes (Add Lines 13a and 13b)	
14.	<b>Other: (See Attached Addendum if Line 14 is Greater than \$0.00)</b>	
15.	<b>TOTAL FRINGE BENEFITS (Add Lines 11and 12 and 13c)</b>	

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**APPENDIX K  
INSTRUCTIONS AND  
PROCEDURAL REQUIREMENTS**

**VEHICLE OPERATION  
FMP-9 ATTACHMENT E**

**GENERAL**

The costs for vehicle operation are generally limited to the cost of operating those major items of equipment used for the provision of the service. The cost of transporting personnel to the work site is normally not permitted to be itemized under the Committee's Fair Market Pricing Policy. Exceptions to this policy will be made only in unusual circumstances and then only with the written concurrence of the Contracting Activity.

**FUEL**

If there is more than one vehicle accounted for on this form, NIB or NISH shall be prepared to provide, on request of the Committee Staff, a breakdown of the miles by vehicle. The "Average cost per gallon" (Line 1.b.) shall be the most recent rate published by the Committee as of the date of submission of the price request to the Committee.

**MAINTENANCE**

Only maintenance costs for vehicles shall be displayed on this form. Maintenance costs for equipment must be displayed as a separate line item on the Cost Breakdown, when separate itemization is permitted.

## **VEHICLE OPERATION**

### **1. FUEL**

- 1. Total miles per year for this service**
- 2. Gallons per year for this service**
- 3. Average cost per gallon**
- 4. Yearly cost for this service**

### **2. MAINTENANCE AND LUBRICATION**

- 1. Yearly cost**
- 2. Percent utilized for this service**
- 3. Yearly cost for this service**

### **3. REGISTRATION AND INSURANCE**

- 1. Yearly registration cost**
- 2. Yearly insurance cost**
- 3. Other state or local taxes or fees**
- 4. Percent utilized for this service**
- 5. Yearly cost for this service**

### **4. TOTAL VEHICLE OPERATION COST (Add Lines 1d + 2c + 3e)**

**APPENDIX L  
INSTRUCTIONS AND  
PROCEDURAL REQUIREMENTS**

**COST BREAKDOWN - FOLLOW-ON YEARS  
FMP-13**

**GENERAL** - The FMP-13 is used to summarize and display the Committee's method of establishing the Follow-On Year Prices for Services on the Procurement List. In certain circumstances, the FMP-13 prices (which are also displayed on the FMP-8 Price List for Services) may be the final price for the future service period in question. However, in most instances, adjustments to the prices initially approved by the Committee will be necessary. Adjustments to these prices shall be in accordance with the procedures of the Committee as outlined here and in other applicable Committee directives.

The FMP-13 must be interpreted in conjunction with its attachment, the Explanation of Follow-On Year Costs, which is required to be submitted along with this form.

The index used for the Economic Adjustment Factor is "All Other Industrial Commodities, Less Fuels and Power" as published in the Bureau of Labor Statistics Producer Price Indexes Table 8.

**BASE YEAR (Column 2)** - Replicate the figures from the New column of FMP-9 to this column.

**YEAR 2 (Column 3)** - Apply the Economic Adjustment Factor in effect at the time of submission of the request for Price Change Exception (PCE) to the Base Year values for Lines 1.a., 1.d., 3.c., 3.d., 3.e., and 3.f., (if used and appropriate). Adjust Other Burden, Line 3.h., mathematically according to the Instructions for FMP-9, Burden. Create sums, subtotals and totals for this column in the same manner as on FMP-9.

**YEAR 3 (Column 4)** - Apply the Economic Adjustment Factor in effect at the time of submission of the request for PCE to the Year 2 values for Lines 1.a., 1.d., 3.c., 3.d., 3.e., and 3.f., (if used and appropriate). Adjust Other Burden, Line 3.h., mathematically according to the Instructions for the FMP-9, Burden. Create sums, subtotals and totals for this column in the same manner as on FMP-9.

**YEAR 4 (Column 5)** - Apply the Economic Adjustment Factor in effect at the time of submission of the request for PCE to the Year 3 values for Lines 1.a., 1.d., 3.c., 3.d., 3.e., and 3.f.(if used and appropriate). Adjust Other Burden, Line 3.h., mathematically according to the Instructions for the FMP-9, Burden. Create sums, subtotals and totals for this column in the same manner as on FMP-9.

**YEAR 5 (Column 6)** - Apply the Economic Adjustment Factor in effect at the time of submission of the request for PCE to the Year 4 values for Lines 1.a., 1.d., 3.c., 3.d., 3.e., and 3.f. (if used and appropriate). Adjust Other Burden, line 3.h., mathematically according to the Instructions for the FMP-9, Burden. Create sums, subtotals and totals for this column in the same manner as on FMP-9.

**ADJUSTMENTS TO FOLLOW-ON YEAR PRICES** - The Follow-On Year Price shall be as published by the Committee if there have been no changes to the PWS requirements affecting costs previously approved by the Committee, the Department of Labor Wage Determination for the new Service Period shows no changes and the reported activity in the Committee's selected index for deciding the appropriateness of the Economic Adjustment Factor is within the acceptable range.

Changes to work requirements during the performance period shall cause the Nonprofit Agency (assisted by NIB or NISH) and the Contracting Activity to make appropriate equitable adjustments to the current price and to make additional adjustments to the affected elements of the previously approved Follow-On Year Prices. These adjustments shall be made within the normal processing time for such changes under Contracting Activity procurement regulations. If an impasse is reached, it will be referred to the Committee staff immediately for resolution in order to avoid payment delays or paybacks. If no further changes occur (as outlined above), then the succeeding Follow-On Year Prices are again already established.

Processing of Follow-On Year Prices shall be in accordance with the schedule defined in Enclosure 3, Outline For Processing Follow-on Year Prices For Services.

#### EXPLANATION OF FOLLOW-ON YEAR COSTS FMP-13

- 1a. Expendable Supplies - Economic Adjustment Rate of \_\_\_\_% per year has been applied.
- 1b. Equipment Depreciation - Costs are assumed to remain level per Committee guidance.
- 1c. Other Equipment - Economic Adjustment Rate of \_\_\_\_% per year has been applied.
- 2a. Direct Labor - Shall be adjusted per the new Wage Determination.
- 2b. Supervisor - Supervisor wages shall be adjusted at the same rate as Direct Labor.
- 3a. Direct Labor Fringe Benefits - Recalculate each year on a new FMP-9 Attachment D form.
- 3b. Supervisors Fringe Benefits - Recalculate each year on a new FMP-9 Attachment D form.
- 3c. Vehicle Operations - Economic Adjustment Rate of \_\_\_\_% per year has been applied.
- 3d. Rental - Economic Adjustment Rate of \_\_\_\_% per year has been applied.
- 3e. Subcontracting - Economic Adjustment Rate of \_\_\_\_% per year has been applied.
- 4. Total Service Cost - Recalculate each year by summing all costs above. Divide by 0.96 to determine new price for each year. Enter result in Base Price block for that year.

NOTE: Other Burden and CNA Fee are recalculated each year based on the procedures set out in the Instructions to the FMP-9.

**COST BREAKDOWN - SERVICES  
FOLLOW-ON YEARS**

**SERVICE:** \_\_\_\_\_

**CNA:** \_\_\_\_\_

**LOCATION:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

DESCRIPTION (BASE DATE)	BASE YEAR	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>1. LABOR</b>					
<b>a. Direct Labor</b>					
<b>b. Lead Worker</b>					
<b>c. Supervision</b>					
<b>01 TOTAL LABOR</b>					
<b>2. LABOR FRINGE BENEFITS</b>					
<b>a. Direct Labor Fringe</b>					
<b>b. Supervision Fringe</b>					
<b>02 TOTAL FRINGE BENEFITS</b>					
<b>3. OTHER DIRECT CHARGES</b>					
<b>a. Expendables</b>					
<b>b. Major Equipment</b>					
<b>c. Minor Equipment</b>					
<b>d. Vehicle Operations</b>					
<b>e. Rental</b>					
<b>f. Subcontracting</b>					
<b>g.</b>					
<b>h.</b>					
<b>03 TOTAL OTHER DIRECT CHARGES</b>					
<b>4. TOTAL OTHER DIRECT CHARGES</b>					
<b>5. OTHER BURDEN</b>					
<b>6. TOTAL SERVICE COST</b> (Divide by .96 to obtain Base Price)					
<b>7. BASE PRICE</b> <b>Annual</b> <b>Monthly</b>					

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**APPENDIX M  
INSTRUCTIONS AND  
PROCEDURAL REQUIREMENTS**

**ADDITIONAL LABOR HOURS  
FMP-14**

**STEP-BY-STEP PREPARATION**

1. On line 2.b. in Column (1) enter the "Total Payroll-based Expense Rate" from line 10.e. of FMP-9D. If the total rate is different for supervisors, show that rate under the existing blank, and annotate it "Supervisors."
2. On Line 4 in Column (1) enter the percentage of Other Burden from FMP-9 Line 3.h.
3. On Line 1 "Workers" enter the Hourly wage from Line 3, FMP-9D for workers in Column (2) and 1.5 times that rate in Column (3), rounded to the nearest cent (two decimal places).
4. On Line 1 "Supervisors" enter the Hourly wage from Line 3, FMP-9D for Supervisors in Column (4) and 1.5 times that rate in Column (5), rounded to the nearest cent, provided that supervisors are not salaried employees.

Special note: If supervisors are salaried employees, make no entries in Column (5), since the Hourly rate for supervisors will be the same whether performed during the regular work week or during overtime.

5. On Line 2.a. enter in Columns (2), (3), (4) and (5) (if appropriate), the Health and Welfare rate from Line 8 of FMP-9D.
6. Multiply the hourly wage shown in Columns (2)-(5) by the percent shown in Column (1) Line 2.b. and enter the result in the corresponding column of Line 4, rounded to the nearest cent.
7. Add the values shown on Lines 1, 2.a. and 2.b. and enter subtotal on Line 3.
8. Multiply the Subtotal (Line 3) shown in Columns (2) - (5) by the percent shown in Column (1) Line 4 and enter the result in the corresponding column of Line 4, rounded to the nearest cent.
9. Total Line 3 and 4 for each of Columns (2) - (5) and enter the sums on line 5.
10. Divide Line 5 for each of Columns (2) - (5) by 0.96 and enter the results in the corresponding column of Line 6, rounded to the nearest cent. Enter the values from Line 6 as "Proposed Prices" on FMP-8 under "Additional Labor Hours."



**COST COMPUTATION  
ADDITIONAL LABOR HOURS**

**SERVICE:** \_\_\_\_\_

**CNA:** \_\_\_\_\_

**LOCATION:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

(1) DESCRIPTION	(2) WORKERS REGULAR	(3) OVERTIME	(4) SUPERVISORS REGULAR	(5) OVERTIME
<b>1. LABOR - Hourly Wage</b>  Workers (Line 3 FMP-9D)  <b>2. FRINGE BENEFITS</b>  a. Health and Welfare (Line 8 FMP-9D)  b. Payroll Taxes  <b>3. SUBTOTAL</b>  <b>4. OTHER BURDEN</b> Line 3 above x _____ % (% from Line 10e FMP-9D)  <b>5. TOTAL SERVICE COST</b> Add lines 3 and 4 (Divide by .96 to obtain Hourly Price)  <b>6. HOURLY PRICE</b>				